

**PT 02-60**

**Tax Type: Property Tax**

**Issue: Religious Ownership/Use**

**STATE OF ILLINOIS  
DEPARTMENT OF REVENUE  
OFFICE OF ADMINISTRATIVE HEARINGS  
SPRINGFIELD, ILLINOIS**

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<b>THE DEPARTMENT OF REVENUE</b>	)	
<b>OF THE STATE OF ILLINOIS</b>	)	
	)	<b>Docket No. 02-PT-0025</b>
<b>v.</b>	)	<b>P.I.N. 13-04-23-00-400-006</b>
	)	<b>Tax Year 2001</b>
<b>ARMSTRONG UNITED METHODIST</b>	)	
<b>CHURCH</b>	)	<b>Dept. # 01-12-4</b>
<b>Applicant</b>	)	

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**RECOMMENDATION FOR DISPOSITION**

**Synopsis:**

This case concerns whether certain property that is located in Clark County and owned by Armstrong United Methodist Church (“applicant”) qualifies for a property tax exemption for the year 2001. The applicant alleges that the property qualifies for an exemption on the basis that it is used exclusively for religious purposes. A residence is located on the property, and the applicant alleges that its pastor is required to live in the residence as a condition of her employment. The Department of Revenue (“Department”) denied the exemption because it believed that the pastor was not required to live there. The applicant timely protested the denial and an evidentiary hearing was held. Tom Jones, who is the chairman of the parsonage committee and the finance chairman, appeared on behalf of the applicant. The applicant’s pastor

also appeared on behalf of the applicant. After reviewing the record, it is recommended that the property be exempt for 50% of the 2001 assessment year.

FINDINGS OF FACT:

1. The applicant applied for a property tax exemption for property located in Dennison, Illinois that is approximately three miles north of the applicant's church. A one-story parsonage and garage are on the property. (Dept. Ex. #1)

2. The applicant acquired ownership of the property by means of a warranty deed dated July 21, 1990. (Dept. Ex. #1)

3. For a number of years, the applicant and the Zion-Emmanuel church were served by pastors who were husband and wife. They lived in the Zion-Emmanuel parsonage. The applicant did not want to require the husband and wife to live apart, so during this time period the applicant did not require its minister to live in its parsonage. The applicant's parsonage was rented out. (Dept. Ex. #1, p. 8; Tr. p. 9)

4. On July 1, 2001, a new pastor, Carolyn J. Leach, started working for the applicant. She was the pastor at the Armstrong, Dunlap & Patton United Methodist Churches, and as part of her employment agreement, she was required to live at the parsonage provided by the applicant. (Applicant Ex. #2; Tr. p. 20)

5. Ms. Leach began living at the applicant's parsonage on July 1, 2001. (Applicant Ex. #2)

CONCLUSIONS OF LAW:

The applicant has requested an exemption from the property tax pursuant to section 15-40 of the Property Tax Code (35 ILCS 200/1-1 *et seq.*), which provides in part as follows:

All property used exclusively for religious purposes, or used exclusively for school and religious purposes, or for orphanages and not leased or otherwise used with a view to profit, is exempt, including all such property owned by churches or religious institutions or denominations and used in conjunction therewith as housing facilities provided for

ministers \* \* \*, their spouses, children and domestic workers, performing the duties of their vocation as ministers at such churches or religious institutions \* \* \*.

A parsonage, convent or monastery or other housing facility shall be considered under this Section to be exclusively used for religious purposes when the church, religious institution, or denomination requires that the above listed persons who perform religious related activities shall, as a condition of their employment or association, reside in the facility. 35 ILCS 200/15-40.

In determining whether property is exempt under this provision, the primary use of the property, rather than its incidental use, must be considered. Illinois Institute of Technology v. Skinner, 49 Ill.2d 59, 65-66 (1971); People ex rel. Pearsall v. Catholic Bishop of Chicago, 311 Ill. 11, 16 (1924). In order to qualify for the exemption, the property must actually be used for the exempting purpose. Illinois Institute of Technology at 64. Intention to use is not the same as actual use. Id.

It is well-established that property tax exemption provisions are strictly construed in favor of taxation. Chicago Patrolmen's Association v. Department of Revenue, 171 Ill.2d 263, 271 (1996). The party claiming the exemption has the burden of clearly proving that it is entitled to the exemption, and all doubts are resolved in favor of taxation. Id.; City of Chicago v. Department of Revenue, 147 Ill.2d 484, 491 (1992).

As the above-cited statutory provision indicates, parsonages will be exempt from property taxes if they are (1) "owned by churches or religious institutions or denominations;" (2) used as "housing facilities provided for ministers;" and (3) required to be the minister's residence as a "condition of employment." 35 ILCS 200/15-40. The Department denied the exemption because it believed that the pastor was not required to live at the parsonage as a condition of his employment. (Tr. p. 7) This is the only requirement of the statute that is at issue in this case.

The applicant's pastor testified that she is required to live in the parsonage as a condition of her employment. (Tr. p. 20) The applicant paid for her moving expenses, and she does not have the option to live anywhere else in town. (Tr. p. 20) This evidence indicates that the third

requirement for the exemption has been met. Because the pastor did not begin living in the home until July 1, 2001, it is recommended that the property be granted an exemption from property taxes for 50% of the 2001 tax year, which represents the period from July 1, 2001 to December 31, 2001.

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Linda Olivero  
Administrative Law Judge

Enter: December 16, 2002